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1993/12/04

ROUTINE

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APR 2 21

PAGE 01 BEIJIN 43566 040302Z 055674 S003643

ACTION: CM (05)

INFO: TC (01) EAP (04) P (01) RA (01) EP (02) CONG (01)
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ACTION EAP-00

INFO LOG-00 ACDA-17 AID-00 AIT-03 CEA-01 CIAE-00 COME-00
CTHE-00 C-01 OASY-00 DODE-00 DOEE-00 EB-00 EXIN-06
E-01 FRB-03 HA-09 H-01 TEDE-00 INR-00 ITC-01
JUSE-00 LAB-04 L-00 ADS-00 MOFN-04 MOF-03 NSAE-00
NSCE-00 OMB-01 OPIC-00 PA-01 PM-00 PRS-01 P-01
SNP-00 SP-00 SS-00 STR-16 TRSE-00 T-00 USIE-00
SA-00 /091W

-----0C72B6 040350Z /30

R 040300Z DEC 93
FM AMEMBASSY BEIJING
TO SECSTATE WASHDC 8479
INFO AMCONSUL HONG KONG
AMCONSUL SHENYANG
AMCONSUL GUANGZHOU
AMCONSUL SHANGHAI
AIT TAIPEI 2981

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THIS IS CHENGDU 2667.
QUOTE:

E.O. 12356: N/A

TAGS: PREL, PCOV, ECON, EINH, KREC, CH

SUBJECT: SICHUAN GOVERNMENT APPLAUDS CLINTON-JIANG
MEETING; SEES DOMESTIC SPINOFF

1. THE MEETING BETWEEN PRESIDENTS CLINTON AND JIANG WAS "INSPIRING," ACCORDING TO SICHUAN PROVINCE'S SENIOR FOREIGN AFFAIRS OFFICIAL. THE FOREIGN AFFAIRS DIRECTOR LED OFF A YEAR-END REVIEW WITH THE CONSUL GENERAL TO MAKE THE POINT THAT HE WAS OPTIMISTIC THAT THE SEATTLE MEETING PORTENDED EXPANDED AND IMPROVED RELATIONS BETWEEN THE U.S. AND CHINA. HE IMPLIED THAT THE WARMING OF TIES WOULD ALSO HAVE THE SIDE-EFFECT OF HASTENING CHINA'S REFORM AND OPENING PROCESS.

2. DIRECTOR LI CHANGCHUN SAW THE PROSPECT OF INCREASED EXCHANGES BETWEEN SICHUAN AND THE UNITED STATES AND URGED MORE BUSINESS INVESTMENT, CULTURAL EXCHANGE, AND GOVERNMENT CONTACTS, INCLUDING CODELS. CONSUL GENERAL REVIEWED THE MAJOR U.S. INVESTMENTS OF 1993 -- ATT, PROCTER AND GAMBLE, AND PEPSI COLA -- AND URGED THE SICHUAN GOVERNMENT TO CONTINUE TO IMPROVE ITS BUSINESS ENVIRONMENT, AND ESPECIALLY ITS TRANSPORTATION AND COMMUNICATION INFRASTRUCTURE.

3. CONSUL GENERAL ASKED WHETHER THERE WAS A CONTINUING EFFECT ON THE LOCAL ECONOMY OF THE CENTER'S AUSTERITY POLICIES AND WHAT HE FORESAW FOR SICHUAN IN THE PRONOUNCEMENTS OF THE THIRD PLENUM. LI SAID HE THOUGHT THE AUSTERITY POLICIES WERE GRADUALLY BEING RELAXED, THAT REAL ESTATE PROJECTS HAD BEEN SHARPLY AFFECTED (AND, HE SAID, RIGHTLY SO), BUT THAT THE OVERALL EFFECT HAD NOT BEEN TOO DRAMATIC. LI SAID THE THIRD PLENUM POLICIES WERE MOST STRIKING WITH REGARD TO LARGE-SCALE STATE

ENTERPRISE, WHICH WOULD BEGIN TO SEPARATE OWNERSHIP FROM MANAGEMENT. HE EXPRESSED THE WIDELY-HELD HOPE THAT SICHUAN WOULD BE PERMITTED BY BEIJING TO ESTABLISH A FORMAL STOCK EXCHANGE TO REPLACE THE INFORMAL (AND UNREGULATED) ONE NOW IN PLACE IN

CHENGDU.

4. FURTHER ON THE SICHUAN ECONOMY, LI ADDED THAT THE RURAL AREAS CONTINUED TO BE HIRED IN POVERTY. HE SAID THAT THE GOVERNMENT HAD MADE A CONSIDERABLE EFFORT TO END THE PROBLEM OF JOU'S BEING GIVEN TO FARMERS FOR CROP PURCHASES, BUT HE COULD NOT SAY THE PROBLEM NO LONGER EXISTED.

5. CLOSING THE MEETING, THE CONSUL GENERAL REVIEWED POSITIVE DEVELOPMENTS IN RELATIONS WITH SICHUAN IN THE PAST YEAR, INCLUDING SMOOTH ESTABLISHMENT OF THE PEACE CORPS PROGRAM. HE URGED THE SICHUAN FAO TO LOOSEN REMAINING RESTRICTIONS ON THE CONSULATE, ESPECIALLY THE BAN ON TRAVEL TO VIRTUALLY ALL OF WESTERN SICHUAN. LI EXPRESSED SOME OPTIMISM RESTRICTIONS COULD BE EASED, BUT POINTED OUT THAT TOURIST AND TRANSPORTATION INFRASTRUCTURE IN THE AREA IS SEVERELY LACKING.
CAMP UNQUOTE
ROY

DEPARTMENT OF STATE

IS/FPC/CDR (1)

Date: 1 May 96

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